Audited Financial Report

The Health Plan of the Upper Ohio Valley, Inc.

Statutory-Basis Financial Statements as of and for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report

Supplemental Information as of December 31, 2014

DIXON HUGHES GOODMAN LLP

The Health Plan of the Upper Ohio Valley, Inc.

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DIXON HUGHES GOODMAN LLP

INDEPENDENT AUDITORS' REPORT

To the Audit Committee
The Health Plan of the Upper Ohio Valley, Inc.
St. Clairsville, Ohio

We have audited the accompanying statutory-basis financial statements of The Health Plan of the Upper Ohio Valley, Inc. (the "Company"), which comprise the statutory-basis balance sheet as of December 31, 2014, and the related statutory-basis statements of revenues and expenses, changes in surplus, and cash flows for the year then ended, and the related notes to the statutory-basis financial statements.

Management's Responsibility for the Statutory-Basis Financial Statements
Management is responsible for the preparation and fair presentation of these statutory-basis financial statements in accordance with statutory accounting principles prescribed or permitted by West Virginia Offices of the Insurance Commissioner ("WVOIC"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these statutory-basis financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory-basis financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory-basis financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statutory-basis financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statutory-basis financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory-basis financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described more fully in Note B to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company in accordance with statutory accounting principles prescribed or permitted by the WVOIC, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the WVOIC. The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America" paragraph, the statutory-basis financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2014, or the results of its operations or its cash flows for the year then ended.

Opinion on Statutory-Basis of Accounting

In our opinion, the statutory-basis financial statements referred to in the first paragraph present fairly, in all material respects, the statutory-basis financial position of the Company as of December 31, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with statutory accounting principles prescribed or permitted by the WVOIC.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic statutory-basis financial statements taken as a whole. The Summary Investment Schedule and Supplemental Investment Risks Interrogatories as of December 31, 2014 ("Supplemental Information") on pages 28 through 37 are presented for purposes of additional analysis and are not a required part of the basic statutory-basis financial statements. This additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory-basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described in the "Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America" paragraph, it is inappropriate to and we do not express an opinion on the Supplemental Information in accordance with accounting principles generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the statutory-basis financial statements in accordance with statutory accounting principles prescribed or permitted by the WVOIC as a whole.

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DIXON HUGHES GOODMAN LLP

Prior Period Financial Statements

The statutory-basis balance sheet of The Health Plan of the Upper Ohio Valley as of December 31, 2013, and the related statutory-basis statement of revenue and expenses, changes in surplus, cash flows, and related notes to the statutory-basis financial statements for the year then ended, were audited by other auditors whose report dated June 2, 2014, expressed an unmodified opinion on those statements prepared in conformity with statutory accounting principles prescribed or permitted by the WVOIC.

Dixon Hughes Goodman LLP

Charlotte, North Carolina
June 1, 2015

THE HEALTH PLAN OF THE UPPER OHIO VALLEY, INC.
STATUTORY-BASIS BALANCE SHEETS
December 31, 2014 and 2013

ADMITTED ASSETS	**2014**	**2013**
Cash and invested assets		
Bonds and mortgage-backed securities	$ 107,721,791	$ 99,129,512
Stocks		
Preferred stock	-	384,536
Common stock, including mutual funds	87,287,814	83,897,051
Investments in subsidiaries	18,876,895	14,909,983
Investment in real estate	5,007,994	5,133,498
Cash, cash equivalents, and short-term investments	24,975,795	35,740,215
TOTAL CASH AND INVESTED ASSETS	243,870,289	239,194,795
Accrued interest receivable	468,830	830,827
Premiums receivable	6,523,005	3,489,349
Reinsurance receivable	520,322	55,138
Other admitted assets	5,357,030	2,340,601
Pharmacy rebates receivable	3,199,985	-
TOTAL ADMITTED ASSETS	$ 259,939,461	$ 245,910,710
LIABILITIES AND SURPLUS		
Liabilities		
Medical costs payable	$ 45,708,367	$ 42,526,104
Unpaid claims adjustment expense	1,531,332	1,259,340
Health policy reserves	2,342,481	1,980,025
Unearned premium revenue	2,384,101	2,322,375
Accounts payable and accrued expenses	12,966,323	5,690,219
Amounts retained for others	172,904	154,521
Amounts held under self-funded plans	1,549	607,768
TOTAL LIABILITIES	65,107,057	54,540,352
Surplus		
Contingency reserves	550,000	550,000
Assigned surplus	1,148,000	-
Unassigned surplus	193,134,404	190,820,358
TOTAL SURPLUS	194,832,404	191,370,358
TOTAL LIABILITIES AND SURPLUS	$ 259,939,461	$ 245,910,710

THE HEALTH PLAN OF THE UPPER OHIO VALLEY, INC.
STATUTORY-BASIS STATEMENTS OF REVENUES AND EXPENSES
Years Ended December 31, 2014 and 2013

	2014	2013
REVENUES		
Net premium revenue	$ 381,496,118	$ 363,521,930
EXPENSES		
Hospital and medical benefits	343,357,648	334,150,700
Net reinsurance recoveries	(468,400)	(55,138)
Administrative expenses	37,373,784	22,777,189
NET UNDERWRITING GAIN	1,233,086	6,649,179
INVESTMENT INCOME		
Net investment income earned	4,557,654	5,112,282
Net realized capital gains	4,954,900	1,649,949
NET INVESTMENT GAIN	9,512,554	6,762,231
OTHER INCOME	140,641	37,895
NET INCOME	$ 10,886,281	$ 13,449,305

THE HEALTH PLAN OF THE UPPER OHIO VALLEY, INC.
STATUTORY-BASIS STATEMENTS OF CHANGES IN SURPLUS
Years Ended December 31, 2014 and 2013

	Contingency Reserves	Assigned Surplus	Unassigned Surplus	Total Surplus
BALANCES AT DECEMBER 31, 2012	$ 550,000	$ -	$ 189,453,590	$ 190,003,590
Net income	-	-	13,449,305	13,449,305
Unrealized loss on investments	-	-	(3,074,930)	(3,074,930)
Change in nonadmitted assets	-	-	(7,227,337)	(7,227,337)
Cumulative change in accounting principle	-	-	(1,780,270)	(1,780,270)
BALANCES AT DECEMBER 31, 2013	550,000	-	190,820,358	191,370,358
Net income	-	-	10,886,281	10,886,281
Unrealized loss on investments	-	-	(12,735,963)	(12,735,963)
Change in assigned surplus	-	1,148,000	(1,148,000)	-
Change in nonadmitted assets	-	-	5,311,728	5,311,728
BALANCES AT DECEMBER 31, 2014	$ 550,000	$ 1,148,000	$ 193,134,404	$ 194,832,404

THE HEALTH PLAN OF THE UPPER OHIO VALLEY, INC.
STATUTORY-BASIS STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014 and 2013

	2014	2013
OPERATING ACTIVITIES		
Premiums and third-party administrative income received, net of reinsurance paid	$ 378,868,702	$ 366,687,709
Net investment income received	5,714,144	5,759,176
Insurance benefits paid, net of reinsurance recoveries received	(340,356,080)	(337,618,834)
General administrative expenses paid	(31,591,147)	(26,619,265)
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,635,619	8,208,786
INVESTMENT ACTIVITIES		
Proceeds from sales, maturities, or repayments of investments:		
Bonds	264,870,644	387,280,572
Stocks and limited partnerships	11,296,608	16,706,786
Miscellaneous proceeds	21,333	659,183
Total investment proceeds	276,188,585	404,646,541
Cost of investments acquired:		
Bonds	270,295,192	381,466,937
Stocks and limited partnerships, including controlled subsidiaries	27,753,546	27,349,387
Real estate	140,074	1,347
Miscellaneous applications	654,409	234,047
Total investments acquired	298,843,221	409,051,718
NET CASH USED IN INVESTMENT ACTIVITIES	(22,654,636)	(4,405,177)
FINANCING ACTIVITIES		
Other cash applications	(745,406)	(775,490)
NET CASH USED IN FINANCING ACTIVITIES	(745,406)	(775,490)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS	(10,764,423)	3,028,119
CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	35,740,218	32,712,099
END OF YEAR	$ 24,975,795	$ 35,740,218

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

- All single-class and multiclass mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-credit-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the discounted fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

- Certain types of assets classified as “nonadmitted” are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Nonadmitted assets include office furniture and fixtures and related accumulated depreciation, computer software and related amortization, accounts receivable greater than 90 days, prepaid expenses, assets capitalized under capital leases, non-income-producing investments, pharmacy rebates that do not meet specific criteria, and other assets not specifically identified as an admitted asset within the NAIC’s *Accounting Practices and Procedures Manual*. In accordance with GAAP, such assets are included in the balance sheets to the extent those assets are not impaired.

- All leases are considered operating leases under statutory accounting principles, whereas, in accordance with GAAP, leases may be accounted for as either operating or capital depending on the terms of the lease.

- The Health Plan’s wholly owned subsidiaries, Hometown Health Plan; Hometown HHP Services, Inc. (HHP Services); HP Agency, Inc.; and THP Insurance Company, are accounted for on the equity basis with equity earnings recorded as a component of unrealized gains (losses) in unassigned surplus. In accordance with GAAP, the accounts and operations of these subsidiaries would be consolidated with The Health Plan.

- The accrual for other postretirement benefits excludes the benefit related to nonvested employees. In accordance with GAAP, the accrual for other postretirement benefits includes the benefit for vested and nonvested employees.

- For purposes of calculating The Health Plan’s postretirement benefit obligations for both 2014 and 2013, vested participants, current retirees and non-vested participants are included in the valuation. In addition, as a result of the adoption of SSAP No. 92 in 2013, both statutory-basis accounting and GAAP require employers with postretirement benefit plans other than pensions to recognize the funded status (fair value of plan assets less the benefit obligation) of their benefit plans in their balance sheet.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other significant accounting policies are as follows:

Use of Estimates - The preparation of statutory-basis financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash, Cash Equivalents, and Short-Term Investments - Cash, cash equivalents, and short-term investments include demand deposits with financial institutions and highly liquid investments with maturities of one year or less. The Health Plan is required to maintain a $3,000,000 compensating balance under a banking agreement.

Investments - Debt investments, which are classified as bonds and consist of government securities and corporate bonds, are recorded at amortized cost or fair value based on their NAIC rating. Premiums and discounts on debt investments are amortized on the effective yield method over the term of the investment.

All mortgage-backed/asset-backed securities are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using the prospective method. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows.

Preferred stocks are recorded at estimated fair value or amortized cost based on their NAIC category and quality rating. For preferred stocks carried at fair value, the unrealized gains (losses) are reported as a component of surplus. Preferred stocks carried at amortized cost are amortized over the life of the security using the interest method.

Common stocks, which include investments in mutual funds, are reported at estimated fair value and the related unrealized capital gains (losses) are reported as a component of surplus.

Realized capital gains and losses for all investments are determined on the first-in, first-out cost method. Changes in admitted asset carrying amounts of bonds, which are principally amortization, and common and preferred stocks are credited or charged directly to surplus unless a decline in fair value is determined to be other than temporary. If a decline of fair value is determined to be other than temporary, the cost basis of the security is written down to the fair value and the amount is recorded as a component of net income.

The Health Plan's insurance subsidiary, THP Insurance Company, is reported in the accompanying balance sheets at its underlying statutory equity. The Health Plan's investments in noninsurance subsidiaries (Hometown; HHP Services, Inc.; and HP Agency, Inc.), which have no significant ongoing operations and nonaudited insurance subsidiaries, are treated as nonadmitted assets. The net change in the subsidiaries' equity is included in the change in net unrealized gains or losses on investments in the statutory-basis statements of changes in surplus.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Income, Real Estate - Land and real estate that represents property occupied by The Health Plan and its subsidiaries is reported at depreciated cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the properties ranging from 7 to 45 years. Depreciation expense on real estate for the years ended December 31, 2014 and 2013 was approximately $553,000 and $559,000, respectively.

Investments in real estate consists of the following at December 31:

	2014	2013
Land	$ 800,000	$ 800,000
Building and improvement	7,721,974	7,581,901
Less accumulated depreciation	(3,513,980)	(3,248,403)
Net investment in real estate	$ 5,007,994	$ 5,133,498

Investment income consists primarily of interest and dividends. Interest income includes amortization of premium and accretion of discount on bonds based on the retrospective method. Interest income is recognized on an accrual basis and dividends are recognized when declared. Realized capital gains and losses on securities sold are determined using the specific identification method and are reflected in operations. Changes in admitted carrying amounts of certain bonds and common and nonredeemable preferred stocks are credited or charged directly to unassigned surplus.

Revenue Recognition - Member premiums are recognized as income in the period in which enrollees are entitled to receive health care services. Premiums billed and collected prior to the period of coverage are classified as unearned premiums.

The Health Plan also participates in the Centers for Medicare and Medicaid Services' (CMS) Medicare Advantage and Medicare Advantage Part D programs. The Health Plan offers medical or medical and prescription drug benefits under its Medicare Advantage contract to both individuals and employer groups. CMS pays The Health Plan a capitated payment based on beneficiary characteristics as defined by CMS. In addition to the payment from CMS, the member and/or employer also pays a monthly premium. The Health Plan is at risk for the medical expenses for these members.

Certain elements of the payments The Health Plan receives related to the Medicare Advantage Part D program represent payments for The Health Plan's insurance risk coverage under Part D and are recognized as premium revenues. Other elements of the payments The Health Plan receives, including the catastrophic reinsurance subsidy and low-income member cost-sharing subsidies (collectively, subsidies), represent cost reimbursements for which The Health Plan is fully reimbursed. As such, amounts received for these subsidies are not reflected in premium revenues, but rather are accounted for as deposits. In addition, the payments received from CMS are subject to risk corridor adjustments, whereby variances that exceed certain thresholds from a target amount result in CMS making additional payments to The Health Plan or which require The Health Plan to refund to CMS a portion of the premium received. Each CMS contract and benefit plan is calculated individually, rather than netting the payables and receivables together. As of December 31, 2014 and 2013, The Health Plan has recorded receivables of $12,000 and $26,000 (included in other admitted assets), respectively, for amounts relating to CMS cost-sharing subsidies. In addition, as of December 31, 2014 and 2013, The Health Plan has recorded liabilities of $2,000 and $607,768 (included in amounts held under self-funded plans), respectively.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to the capitated amount that The Health Plan receives from CMS for the Medicare Advantage program, there may be additional amounts due to The Health Plan based on characteristics of the member such as age, working status, or specific health issues. CMS has implemented a risk adjustment formula, which apportions premiums paid to all Medicare Advantage health plans according to the health status of each beneficiary enrolled. The CMS risk adjustment formula pays more for members with predictably higher costs. Diagnosis data from inpatient and ambulatory treatment settings are used to calculate the risk-adjusted premium payment received by The Health Plan. The Health Plan collects, captures, and submits the necessary diagnosis data to CMS within prescribed deadlines. Management estimates risk adjustment revenues based upon this diagnosis data submitted to and ultimately accepted by CMS. Premiums receivable includes approximately $1,846,000 and $1,236,000 at December 31, 2014 and 2013, respectively, related to the Medicare Advantage risk adjustment. Premium revenues were increased in 2013 by approximately $1,002,000 for a change in estimate related to the Medicare Advantage risk adjustment for a prior period. The Health Plan's Medicare contract with CMS had a term of one year, which expired December 31, 2013, and was renewed through December 31, 2014.

Medicare and Medicaid premiums represent 36% and 28%, respectively, of member premiums for the year ended December 31, 2014, and 38% and 20%, respectively, for the year ended December 31, 2013. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term. The Health Plan believes that it is in compliance with all applicable laws and regulations, and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Premium Deficiency Reserve - Premium deficiency reserves are established for the amount of anticipated losses, loss adjustment expenses, commissions and other acquisition costs, and maintenance costs that have not previously been expensed in excess of the recorded unearned premium reserve and future installment premiums on existing policies. The Health Plan does not consider anticipated investment income when calculating its premium deficiency. The premium deficiency reserves were approximately $2,342,000 and $1,980,000 at December 31, 2014 and 2013, respectively.

Medical Costs - The Health Plan provides medical care to its members under contracts with various health care providers on a modified fee-for-service and capitation basis. Medical costs payable includes estimates for claims reported and estimated claims costs for claims incurred but unreported. Such estimates also include the cost of services, which will continue to be rendered after the balance sheet date when The Health Plan is obligated to render such services in accordance with contract provisions or regulatory requirements. Adjustments to prior-period estimates of medical costs are reflected in the current period.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Medical Costs (Continued)

Medical costs payable represent management's best estimate. There is uncertainty as to whether the actual medical costs payable will conform to the assumptions inherent in the determination of the amount. Because of the uncertainties related to the recording of health care costs, the ultimate settlement of the health care cost estimates may vary significantly from the estimated amounts included in the accompanying statutory-basis financial statements.

Pharmacy Rebates - The Health Plan has pharmaceutical rebate contracts with vendors that manufacture and distribute pharmaceutical products to pharmacies and others that are purchased by The Health Plan enrollees. The Health Plan receives a purchase discount in the form of a rebate, which is based on the volume of pharmaceutical products purchased by its enrollees. The estimated rebates are recognized as a reduction of hospital and medical benefit costs included in the statements of revenues and expenses in the period in which the rebates are incurred and later adjusted, as necessary, when the actual rebates are received. The rebates totaled approximately $6,872,000 and $4,652,000 for the years ended December 31, 2014 and 2013, respectively. The Health Plan received additional rebates of $3,749,000 and $3,418,000 during 2014 and 2013, respectively, relating to a guarantee provision in the contracts. At December 31, 2014 and 2013, The Health Plan had approximately $6,539,000 and $6,165,000, respectively, of receivables related to pharmacy rebates, of which approximately $3,339,000 and $6,165,000 at December 31, 2014 and 2013, respectively, have been reported as nonadmitted assets, as the receivable balance is over 90 days old or determined to be uninvoiced or immeasurable.

Reinsurance - The Health Plan purchases reinsurance, which provides coverage for catastrophic inpatient hospital claims. Deductibles range between $350,000 and $400,000, depending on line of business, of allowable expenses subject to a 20% coinsurance for each member for each contract year. The Health Plan and its subsidiary, THP Insurance Company, share a combined reinsurance risk with the reinsurance carrier through a layered risk arrangement in which the layers of risk are based on a per-member, per-month calculation. The Health Plan is contingently liable for reinsured losses to the extent that the reinsurance company cannot meet its obligations under the reinsurance contract.

Reinsurance expenses of approximately $1,193,000 and $1,008,000 in 2014 and 2013, respectively, are included in the statements of revenues and expenses as a reduction of member premiums. Reinsurance recoveries of approximately $468,000 and $55,000 for 2014 and 2013, respectively, are included in the statements of revenues and expenses as a reduction of hospital and medical benefits expense.

Neither The Health Plan nor any of its affiliates control, directly or indirectly, any direct reinsurers with whom The Health Plan conducts business. No policies issued by The Health Plan have been reinsured with a foreign company, which is controlled, either directly or indirectly, by a party not primarily engaged in the business of insurance. The Health Plan does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts Retained for Others and Amounts Held Under Self-Funded Plans - Amounts retained for others represent payroll taxes payable and voluntary payroll deductions payable. Amounts held under self-funded plans represent cash held for groups to which The Health Plan provides pension administration services and self-insured employer group administrative services.

Reclassifications - Certain amounts in the 2013 statutory-basis financial statements have been reclassified to conform to the 2014 presentation. Such reclassifications had no impact on the statutory-basis financial statements for the year ended December 31, 2013.

Application of New Accounting Standards

SSAP 26: In June 2014, the NAIC adopted revisions to SSAP No. 26, *Bonds, Excluding Loan-Backed and Structured Securities* ("SSAP 26"), which adopts a new disclosure requirement to permit the capture of data about structured notes. SSAP 26 was effective for year-end reporting in 2014. The adoption of SSAP 26 did not have an impact on the Company's statutory-basis financial statements.

SSAP 106: The NAIC issued SSAP No. 106, *Affordable Care Act Section 9010 Assessment* ("SSAP 106") in 2014, which moved and clarified guidance previously contained in SSAP 35R, *Guaranty Fund and Other Assessments*. The guidance issued in SSAP 106 incorporates a 2013 disclosure for entities that are subject to Section 9010 of the Federal Affordable Care Act ("ACA"). The disclosure indicates that the assessment, payable in 2014, shall be consistent with the guidance provided under SSAP No. 9, *Subsequent Events*, for a Type II subsequent event. The guidance further states that impacted companies shall record the assessment for the data year as assigned surplus until the conclusion of the data year. At the outset of the subsequent period, or fee year, the assessment shall become a liability on the statutory-basis statements of admitted assets, liabilities, and surplus. Adoption of this pronouncement as of December 31, 2014 did not result in a material effect on the statutory-basis financial statements.

SSAP 107: The NAIC has issued SSAP No. 107, *Accounting for the Risk-Sharing Provisions of the Affordable Care Act* ("SSAP 107") in 2014, effective as of December 31, 2014, which established guidance for the reinsurance, risk adjustment, and risk corridor (the "3Rs") provisions of the ACA. The adoption of SSAP 107 did not have a material effect on the statutory-basis financial statements of the Company as of December 31, 2014.

SSAP 92: The Health Plan adopted SSAP No. 92, *Accounting for Postretirement Benefits Other Than Pensions*, on January 1, 2013. SSAP No. 92 supersedes SSAP No. 14, *Postretirement Benefits Other Than Pensions*. The primary purpose of this adopted SSAP is to recognize the funded status of the postretirement benefit plan on the balance sheet. As permitted under the guidance, the Health Plan elected to recognize the entire surplus impact as of January 1, 2013. The impact of the adoption of SSAP No. 92 was a decrease in surplus of $1.7 million.

NOTE C - FAIR VALUE MEASUREMENTS

SSAP No. 100, *Fair Value Measurements*, clarifies the definition of estimated fair value and establishes a hierarchy for measuring estimated fair value. The hierarchy established by this standard consists of three levels to indicate the quality of the estimated fair value measurements as described below:

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

Included in various investment-related line items in the statutory-basis financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds when carried at the lower of cost or market.

As defined in SSAP No. 100, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SSAP No. 100 establishes a three-level hierarchy for valuing assets and liabilities based on how transparent (observable) the inputs are that are used to determine fair value, with the inputs considered most observable categorized as Level 1 and those that are the least observable categorized as Level 3. For some assets, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. When this is the case, the asset is categorized in the table based on the lowest level input that is significant to the fair value measurement in its entirety. The Health Plan's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets being valued.

Hierarchy levels are defined by SSAP No. 100 as follows:

- **Level 1 -** Quoted (unadjusted) market prices in active markets for identical assets and liabilities. For The Health Plan, Level 1 inputs are generally quoted for debt or equity securities actively traded in exchange or over-the-counter markets.
- **Level 2 -** Market data obtained from sources independent of the reporting entity (observable inputs). For The Health Plan, Level 2 inputs generally include quoted prices in markets that are not active, quoted prices for similar assets/liabilities, and other observable inputs such as interest rates and yield curves that are generally available at commonly quoted intervals.
- **Level 3 -** The reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). For The Health Plan, Level 3 inputs are used in situations where little or no Level 1 or 2 inputs are available or are inappropriate given the particular circumstances. Level 3 inputs include results from pricing models and discounted cash flow methodologies, as well as adjustments to externally quoted prices that are based on management judgment or estimation.

The following tables present the financial instruments measured at estimated fair value on a recurring basis as of December 31:

	2014			
	Level 1	Level 2	Level 3	Estimated Fair Value
Assets				
Common stock	$ 87,287,814	$ -	$ -	$ 87,287,814
Total assets at fair value	$ 87,287,814	$ -	$ -	$ 87,287,814

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

	2013			
	Level 1	Level 2	Level 3	Estimated Fair Value
Assets				
Common stock	$ 83,897,054	$ -	$ -	$ 83,897,054
Preferred stock	-	384,536	-	384,536
Total assets	$ 83,897,054	$ 384,536	$ -	$ 84,281,590

Certain financial assets are measured at fair value on a nonrecurring basis, such as certain bonds valued at the lower of cost or fair value or investments that are impaired during the reporting period, and recorded at fair value on the accompanying statutory-basis balance sheets.

At the end of each reporting period, the Company evaluates whether any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3. The Company had no transfers into or out of any of the levels during the years ended December 31, 2014 and 2013.

The following tables reflect the estimated fair values and admitted values of all admitted assets that are considered to be financial instruments as of December 31. The estimated fair values are categorized into the three-level fair value hierarchy as described above.

	2014				
	Admitted Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Estimated Total Fair Value
Assets					
Cash, cash equivalents and short-term investments	$ 24,975,795	$ 24,975,795	$ -	$ -	$ 24,975,795
Bonds	107,721,791	-	107,855,317	-	107,855,317
Common stocks	87,287,814	87,287,814	-	-	87,287,814
Accrued investment income	468,830	-	468,830	-	468,830
Total assets	$ 220,454,230	$ 112,263,609	$ 108,324,147	$ -	$ 220,587,756

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

	2013				
	Admitted Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Estimated Total Fair Value
Assets					
Cash, cash equivalents and short-term investments	$ 35,740,215	$ 35,740,215	$ -	$ -	$ 35,740,215
Bonds	99,129,512	-	100,179,933	-	100,179,933
Accrued investment income	830,827	-	830,827	-	830,827
Total assets	$ 135,700,554	$ 35,740,215	$ 101,010,760	$ -	$ 136,750,975

Bonds, Stocks, Cash, Cash Equivalents and Short-Term Investments

When available, the estimated fair values are based on quoted prices in active markets that are readily and regularly obtainable. Generally, these investments are classified in Level 1. Generally, these are the most liquid of the Company's securities holdings and valuation of these securities does not involve management's judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. The significant inputs to the market-standard valuation methodologies for certain types of securities with reasonable levels of price transparency are inputs that are observable in the market or which can be derived principally from or corroborated by observable market data. Generally, these investments are classified as Level 2.

When observable inputs are not available, the market standard valuation methodologies for determining the estimated fair value of certain types of securities that trade infrequently, and therefore have little or no price transparency, rely on inputs that are significant to the estimated fair value that are not observable in the market or which cannot be derived principally from or corroborated by observable market data. These unobservable inputs can be based in large part on management's judgment or estimation and cannot be supported by reference or market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such securities and are considered appropriate, given the circumstances. Generally, these investments are classified as Level 3.

The estimated fair value of cash and cash equivalents approximates carrying value, and is classified as Level 1, given the nature of cash.

Accrued Investment Income

Due to the short-term nature, the Company believes there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value approximates carrying value. These amounts are generally classified as Level 2.

NOTE D - INVESTMENTS

The following is a summary of investments at December 31, with amortized cost for bonds and actual, historical cost for stock and mutual funds:

	2014				
	Amortized/ Historical Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
Bonds					
U.S. government and agencies	$ 4,170,834	$ 18,946	$ -	$ 4,189,780	$ 4,170,834
Corporate bonds	39,806,893	206,837	(264,869)	39,748,861	39,656,927
Mortgage-backed securities					
Corporate	63,933,471	771,988	(788,783)	63,916,676	63,894,030
Total bonds	107,911,198	997,771	(1,053,652)	107,855,317	107,721,791
Common stock, including mutual funds	69,041,997	19,673,985	(1,428,168)	87,287,814	87,287,814
Total investments	$ 176,953,195	$ 20,671,756	$ (2,481,820)	$ 195,143,131	$ 195,009,605

	2013				
	Amortized/ Historical Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Value
U.S. government and agencies	$ 9,043,841	$ -	$ (266,911)	$ 8,776,930	$ 9,043,841
Corporate bonds	53,083,136	1,621,666	(771,894)	53,932,908	53,083,136
Mortgage-backed securities					
Corporate	37,002,535	1,337,242	(869,682)	37,470,095	37,002,535
Total bonds	99,129,512	2,958,908	(1,908,487)	100,179,933	99,129,512
Common and preferred stock, including mutual funds	64,632,610	20,478,284	(829,306)	84,281,587	84,281,587
Total investments	$ 163,762,122	$ 23,437,192	$ 2,737,793	$ 184,461,520	$ 183,411,099

NOTE D - INVESTMENTS (Continued)

A summary of the book/adjusted carrying value and estimated fair value of The Health Plan's investments in bonds at December 31, 2014, by contractual maturity, is as follows:

	Book/Adjusted Carrying Value	Estimated Fair Value
Year of maturity:		
2015	$ 4,893,173	$ 4,901,777
2016-2019	34,515,867	34,567,942
2020-2024	4,305,138	4,350,390
After 2025	113,583	118,532
Mortgage-backed securities	63,894,030	63,916,676
Total	$ 107,721,791	$ 107,855,317

The actual maturities may differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Management regularly reviews the value of The Health Plan's investments. If the value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, management considers how long and by how much the fair value of the security has been below its cost, the financial condition and near-term prospects of the issuer of the security, any downgrades of the security by a rating agency, and management's intent to hold the security long enough for it to recover its value.

Based on that analysis, management makes a judgment as to whether the loss is other than temporary. If the loss is other than temporary, an impairment charge is recorded within net realized investment gains in the accompanying statutory-basis statements of revenues and expenses in the period the determination is made.

The following table represents the gross unrealized losses that were in existence less than 12 months and more than 12 months at December 31:

	2014					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds:						
Corporate bonds	$ 31,709,622	$ (252,263)	$ 308,166	$ (12,606)	$ 32,017,788	$ (264,869)
Mortgage-related securities						
Corporate	32,363,583	(784,999)	493,815	(3,784)	32,857,398	(788,783)
Total bonds	64,073,205	(1,037,262)	801,981	(16,390)	64,875,186	(1,053,652)
Common stock, including mutual funds	30,097,301	(1,428,168)	-	-	30,097,301	(1,428,168)
Total	$ 94,170,506	$ (2,465,430)	$ 801,981	$ (16,390)	$ 94,972,487	$ (2,481,820)

NOTE D - INVESTMENTS (Continued)

	2013					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds:						
U.S. government and agencies	$ 8,776,930	$ (266,911)	$ -	$ -	$ 8,776,930	$ (266,911)
Corporate bonds	16,498,014	(652,924)	2,055,981	(118,970)	18,553,995	(771,894)
Mortgage-related securities						
Corporate	12,724,794	(708,460)	2,701,349	(161,222)	15,426,143	(869,682)
Total bonds	37,999,738	(1,628,295)	4,757,330	(280,192)	42,757,068	(1,908,487)
Common stock, including mutual funds	11,757,688	(810,611)	90,858	(18,695)	11,848,546	(829,306)
Total	$ 49,757,426	$ (2,438,906)	$ 4,848,188	$ (298,887)	$ 54,605,614	$ (2,737,793)

The Company had 199 and 204 investment holdings in an unrealized loss position as of December 31, 2014 and 2013, respectively. Management recorded approximately $0 and $234,000 of unrealized losses as an other-than-temporary decline in value in 2014 and 2013, respectively.

Proceeds from the sales of investments in 2014 and 2013 were approximately $264,871,000 and $387,281,000, respectively. Gross realized gains and losses (including amounts recorded as other-than-temporary declines) were approximately $6,649,000 and $1,716,000, respectively, for the year ended December 31, 2014, and $4,612,000 and $2,962,000, respectively, for the year ended December 31, 2013. Gross gains on the sale of fixed assets were approximately $22,000 for the year ended December 31, 2014.

Major categories of net investment income as of December 31, excluding realized gains, are summarized as follows:

	2014	2013
Income:		
Bonds	$ 3,647,944	$ 4,593,049
Preferred stocks	24,157	6,573
Common stocks	1,765,565	1,335,416
Cash, cash equivalents and short-term investments	-	7,630
Total investment income	5,437,666	5,942,668
Investment expenses	(880,012)	(830,386)
NET INVESTMENT INCOME	$ 4,557,654	$ 5,112,282

NOTE E - INVESTMENTS IN SUBSIDIARIES

Statutory-basis financial information of THP Insurance Company, which is a wholly owned insurance subsidiary, is summarized as follows:

	Summary of Balance Sheets (Statutory-Basis) December 31,	
	2014	2013
Cash and investments	$ 23,537,746	$ 22,691,113
Other assets	11,264,135	7,561,815
Total admitted assets	$ 34,801,881	$ 30,252,928
Medical costs payable	$ 8,828,532	$ 11,584,423
Other liabilities	7,096,453	3,758,522
Capital and surplus	18,876,896	14,909,983
Total liabilities and surplus	$ 34,801,881	$ 30,252,928

	Summary of Statements of Revenues and Expenses (Statutory-Basis) Year Ended December 31,	
	2014	2013
Revenues	$ 52,302,516	$ 53,392,032
Expenses	65,450,976	65,832,363
Net loss	$ (13,148,460)	$ (12,440,331)

The Health Plan's investments in wholly owned subsidiaries, HP Agency, Inc.; Hometown Health Plan; and Hometown HHP Services, Inc., do not individually exceed 10% of admitted assets. These investments have been treated as nonadmitted assets.

Included in the surplus for the Health Plan for the years ended December 31, 2014 and 2013 were capital contributions to THP Insurance Company of $80,000,000 and $65,000,000, respectively.

The Health Plan did not recognize any impairment of its investments in subsidiaries, and controlled or affiliated companies during the years ended December 31, 2014 and 2013.

For the years ended December 31, 2014 and 2013, The Health Plan made capital contributions of $15,000,000 and $12,000,000, respectively, to THP Insurance Company to ensure there would not be a financial violation of the operating loss being greater than 50% of the remaining surplus.

NOTE F - MEDICAL COSTS PAYABLE

The following table provides a reconciliation of medical costs payable, net of reinsurance receivable for the years ended December 31, 2014 and 2013:

	Year Ended December 31,	
	2014	2013
Medical costs payable, net of reinsurance receivable, at beginning of year	$ 36,305,686	$ 39,828,958
Add provision for medical costs, net of reinsurance recoveries and pharmacy rebates receivable, occurring in:		
Current year	343,469,983	334,128,219
Prior years	(580,735)	(32,657)
Net incurred medical costs during the current year	342,889,248	334,095,562
Deduct payments for medical costs occurring in:		
Current year	298,298,392	297,027,297
Prior years	39,047,562	40,591,537
Net medical cost payments during the current year	337,345,954	337,618,834
Medical costs payable, net of reinsurance receivable and nonadmitted pharmacy rebates receivable, at end of year	41,848,980	36,305,686
Reinsurance receivable	520,322	55,138
Nonadmitted pharmacy rebates receivable	3,339,065	6,165,280
Medical costs payable at end of year	$ 45,708,367	$ 42,526,104

The provision for medical costs payable as of December 31, 2014 and 2013 includes nonadmitted pharmacy rebates of $3,339,065 and $6,165,280, respectively. The surplus in the 2013 reserves of $580,735 resulted from lower than expected claims utilization of medical services and is included as a decrease in hospital and medical benefits for the year ended December 31, 2014. The surplus in the 2012 reserves of $32,657 also resulted from lower than expected claims utilization of medical services, and is included as a decrease in hospital and medical benefits for the year ended December 31, 2013.

NOTE G - SURPLUS

The Health Plan is subject to certain risk-based capital (RBC) requirements as specified by the NAIC. Under those requirements, the amount of surplus maintained by a health insurance company is to be determined based on the various factors related to underwriting, investments, and other risk factors. At December 31, 2014 and 2013, The Health Plan meets the RBC requirements.

Unassigned surplus in the accompanying statutory-basis balance sheets decreased by the following as of December 31:

	2014	2013
Pharmacy rebates receivable	$ 3,339,065	$ 6,165,280
Receivables from subsidiaries	2,152,392	4,232,327
Investments in subsidiaries	1,436,222	2,167,038
Other assets	1,332,870	1,007,632
Total nonadmitted assets	$ 8,260,549	$ 13,572,277

ACA section 9010 ("ACA 9010") imposes a fee on each covered entity that provides health insurance in the United States. This fee is calculated using guidance provided by the Internal Revenue Service annually.

This assigned surplus will be reclassified as a fee payable at the outset of the subsequent period. Reporting of this ACA 9010 fee payable as of December 31, 2014 would not have triggered an RBC action level.

NOTE H - 401(K) PLAN

Effective January 1, 2012, The Health Plan converted its noncontributory defined contribution pension plan into a 401(k) retirement plan. The 401(k) plan consists of a 7% fixed employer contribution and a 3% safe harbor employer contribution, with both contributions being based on the employees' salaries and wages. In addition, employees can make optional salary-deferred contributions into the plan on a fixed dollar or percentage basis up to the annual IRS limits. The total noncontributory plan contribution expense for the year ended December 31, 2014 was approximately $1,401,000, and $1,376,000 for the year ended December 31, 2013.

NOTE I - OTHER POSTRETIREMENT BENEFITS

The Health Plan provides postretirement medical and life insurance benefits for all full-time employees. The Health Plan provides retirees with single coverage at no cost for the first 12 months of retirement. In subsequent years, the cost is shared by the retiree and The Health Plan based upon years of service with The Health Plan. Prior to January 1, 2006, the medical benefits were provided over the life of the retiree. The life insurance plan provides coverage of $5,000 and is provided by The Health Plan at no cost for ten years after retirement.

NOTE I - OTHER POSTRETIREMENT BENEFITS (Continued)

The accumulated benefit obligation for other postretirement benefits represents the present value of benefits earned as of December 31, based on service through December 31, of the respective year end. The Health Plan's actuarially computed accumulated benefit obligation, which is the same as the projected benefit obligation with respect to vested and nonvested employees of these postretirement benefits, none of which have been funded, is as follows:

	December 31, 2014	December 31, 2013
Retirees and dependents	$ 363,215	$ 243,477
Active plan participants:		
Fully eligible	1,051,741	883,320
Accrued postretirement benefit liability, included in accounts payable and accrued expenses	1,414,956	1,126,797
Nonvested employees, included in accounts payable and accrued expenses at December 31, 2014	1,560,959	1,913,723
Accumulated postretirement benefit obligation	$ 2,975,915	$ 3,040,520

The projected benefit obligation for other postretirement benefits represents the present value of postretirement benefits deemed earned as of December 31, projected for estimated medical cost rate increases as of an assumed date with respect to retirement, termination, disability, or death.

Net postretirement benefit cost includes the following components:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Service cost	$ 177,305	$ 168,405
Interest cost	128,708	94,126
Amortization of unrecognized actuarial gains (losses), net	(304,258)	252,192
Net postretirement benefit cost, included in administrative expenses	$ 1,755	$ 514,723

As of December 31, 2014, the accumulated postretirement benefit obligation was determined using an assumed health care cost trend rate of 7.2% Pre-65 and 6.3% Post-65, which is assumed to decrease uniformly to 5.0% over the next seven years. Increasing the assumed health care cost trend rates by one percentage point in each year would have resulted in an increase in the accumulated postretirement benefit obligation of approximately $67,000 and $52,000 as of December 31, 2014 and 2013, respectively, and an increase of approximately $41,000 and $36,000 in the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the years ended December 31, 2014 and 2013, respectively. A weighted-average discount rate of 3.51% and 4.30% for the years ended December 31, 2014 and 2013, respectively, was used to determine the accumulated postretirement benefit obligation.

NOTE J - RESERVE REQUIREMENTS AND DEPOSITS

The DHHS, WVOIC, the ODI, and the Commonwealth of Kentucky Insurance Department have various reserve requirements related to HMOs. A contingency reserve designation of surplus of $550,000 has been recorded in accordance with these reserve requirements at December 31, 2014 and 2013, and a deposit of the same amount has been set aside and is included in bonds in the investment portfolio.

NOTE K - CONTRACTS

The Health Plan has contracted with the Upper Ohio Valley Individual Practice Association, Inc. (IPA) to provide a significant portion of health care services to members. The Health Plan pays the IPA for health care services based on a fee schedule. Total medical costs of approximately $24,766,000 and $29,808,000 were paid to the IPA for the years ended December 31, 2014 and 2013, respectively.

The Health Plan has an administrative service agreement with its subsidiary, THP Insurance Company, whereby The Health Plan provides certain management and administration services to THP Insurance Company. Expenses incurred and allocated to THP Insurance Company relating to this agreement amounted to $2,099,000 and $6,465,000 for the years ended December 31, 2014 and 2013, respectively.

NOTE L - LEASES

The Health Plan leases certain office equipment and vehicles. Future minimum payments, by year and in the aggregate of noncancelable operating leases with initial or remaining terms of one year or more, consisted of the following at December 31, 2014:

2015	$ 234,646
2016	89,893
2017	71,159
2018	15,857
2019	2,953
Thereafter	5,906
Total minimum lease payment	$ 420,414

Rent expense, which includes software license fees, approximated $1,283,000 and $1,152,000 for 2014 and 2013, respectively, and is included in administrative expenses in the accompanying statutory-basis statements of revenues, expenses, and changes in surplus.

NOTE M - CONTINGENCIES

The Health Plan is involved in litigation arising in the normal course of business. Certain litigation is in the preliminary stages and legal counsel is unable to estimate the potential effect, if any, upon operations or financial condition of The Health Plan. Management believes that these matters will be resolved without material adverse effect on The Health Plan's statutory-basis financial position, results of operations, or cash flows. However, the ultimate outcome and effect on The Health Plan's statutory-basis financial statements is unknown.

NOTE N - ADMINISTRATIVE EXPENSES

The Health Plan performs administrative services for its affiliates in which the amounts to be paid are based on periodic studies. Administrative expenses for The Health Plan include $9,062,000 and $6,876,000 of claims adjustment expenses, $28,312,000 and $15,157,000 of general administrative expenses, and $880,000 and $830,000 of investment expenses for the years ended December 31, 2014 and 2013, respectively.

NOTE O - ADMINISTRATIVE SERVICE ONLY PLANS

The Health Plan realized a gain from operations from Administrative Services Only (ASO) uninsured plans for the years ended December 31, 2014 and 2013. Amounts related to ASO operations, which are included in administrative expenses, are summarized as follows:

	2014	2013
Net reimbursement for administrative expenses, including administrative fees, in excess of actual expenses	$ 137,298	$ 744,343
Total net other income or expenses (including interest paid to or received from plans)	-	-
Net gain from ASO operations	$ 137,298	$ 744,343
Claim payment volume	$ 45,480,271	$ 31,357,887

NOTE P - SUBSEQUENT EVENTS

Effective January 1, 2014, The Health Plan is subject to an annual fee under section 9010 of the Patient Protection and Affordable Care Act (PPACA), which is not deductible for income tax purposes. This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2014, The Health Plan has written health insurance subject to the PPACA assessment, expects to conduct health insurance business in 2015, and estimates its portion of the annual health insurance industry fee payable in 2014, to be approximately $1,148,000.

Management of The Health Plan evaluated events and transactions occurring subsequent to December 31, 2014 through June 1, 2015. No other subsequent events requiring disclosure in the financial statements were identified.

SUPPLEMENTAL INFORMATION

THE HEALTH PLAN OF THE UPPER OHIO VALLEY, INC.
SUMMARY INVESTMENT SCHEDULE
December 31, 2014

	Gross Investment Holdings		Admitted Assets as Reported in the Audited Statement	
	Amount	Percentage	Amount	Percentage
BONDS				
U.S. Treasury securities	$ 4,170,834	1.7%	$ 4,170,834	1.7%
U.S. government agency obligations (excluding mortgage-backed securities):				
Issued by U.S. government agencies	-	0.0%	-	0.0%
Issued by U.S. government-sponsored agencies	-	0.0%	-	0.0%
Non-U.S. government (including Canada, excluding mortgage-backed securities)	-	0.0%	-	0.0%
Securities issued by states, territories and possessions and political subdivisions in the U.S.				
States, territories and possessions general obligations	-	0.0%	-	0.0%
Political subdivision of states, territories and possessions and political subdivisions general obligations	-	0.0%	-	0.0%
Revenue and assessment obligations	-	0.0%	-	0.0%
Industrial development and similar obligations	-	0.0%	-	0.0%
Mortgage-backed securities (includes residential and commercial MBS)				
Pass-through securities				
Issued or guaranteed by GNMA	-	0.0%	-	0.0%
Issued or guaranteed by FNMA and FHLMC	-	0.0%	-	0.0%
All other	-	0.0%	-	0.0%
CMOs and REMICs				
Issued or guaranteed by GNMA, FNMA, FHLMC, or VA	34,821,781	14.2%	34,821,781	14.3%
Issued by non-U.S. government issuers and collateralized by mortgage-backed securities issued or guaranteed by GNMA, FNMA, FHLMC or VA	-	0.0%	-	0.0%
All other	29,072,249	11.9%	29,072,249	11.9%
OTHER DEBT AND FIXED INCOME SECURITIES (EXCLUDING SHORT-TERM)				
Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	39,656,927	16.1%	39,656,927	16.3%
Unaffiliated non-U.S. securities (including Canada)	-	0.0%	-	0.0%
Affiliated securities	-	0.0%	-	0.0%
EQUITY INTERESTS				
Investments in mutual funds	73,378,639	29.9%	73,378,639	30.1%
Preferred stocks				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
Publicly traded equity securities (excluding preferred stocks)				
Affiliated	21,481,051	8.8%	20,044,829	8.2%
Unaffiliated	12,741,241	5.2%	12,741,241	5.2%
Other equity securities				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
Other equity interests including tangible personal property under lease				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%

THE HEALTH PLAN OF THE UPPER OHIO VALLEY, INC.
SUMMARY INVESTMENT SCHEDULE
December 31, 2014

	Gross Investment Holdings		Admitted Assets as Reported in the Audited Statement	
	Amount	Percentage	Amount	Percentage
MORTGAGE LOANS				
Construction and land development	$ -	0.0%	$ -	0.0%
Agriculture	-	0.0%	-	0.0%
Single-family residential properties	-	0.0%	-	0.0%
Multifamily residential properties	-	0.0%	-	0.0%
Commercial loans	-	0.0%	-	0.0%
Mezzanine real estate loans	-	0.0%	-	0.0%
REAL ESTATE INVESTMENTS				
Property occupied by the Company	5,007,994	2.0%	5,007,994	2.1%
Property held for production of income (including $0 of property acquired in satisfaction of debt)	-	0.0%	-	0.0%
Property held-for-sale	-	0.0%	-	0.0%
CONTRACT LOANS	-	0.0%	-	0.0%
DERIVATIVES	-	0.0%	-	0.0%
RECEIVABLES FOR SECURITIES	-	0.0%	-	0.0%
SECURITIES LENDING	-	0.0%	-	0.0%
CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	24,975,795	10.2%	24,975,795	10.2%
OTHER INVESTED ASSETS	-	0.0%	-	0.0%
TOTAL INVESTED ASSETS	$ 245,306,511	100.0%	$ 243,870,289	100.0%

NAIC Group Code: 1297
NAIC Company Code: 95677
Employer's ID Number: 55-0585592

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory-Basis Financial Statements.

Answer the following interrogatories by stating the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of the annual statement.

$ 259,939,461

2. The 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) U.S. government securities, U.S. government agency securities, and those U.S. government money market funds listed in Part Six of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office.

	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	Vanguard 500 Index Admiral Mutual Fund	Mutual Fund	$19,717,563	7.585%
2.02	Dodge & Cox International Stock Fund	Mutual Fund	18,250,342	7.021%
2.03	Investment in THP Insurance Company	Equity	14,909,983	5.736%
2.04	Pimco Short Term Fund	Mutual Fund	11,875,930	4.569%
2.05	Legg Mason Global Asset Managed Fund	Mutual Fund	10,285,042	3.957%
2.06	First Amer US Treasury Money Market	Mutual Fund	8,045,102	3.095%
2.07	Collins Alternative Solutions Mutual Fund	Mutual Fund	2,682,744	1.032%
2.08	Alpha Opportunistic Growth Mutual Fund	Mutual Fund	2,468,314	0.950%
2.09	Fannie Mae Mortgage Pool	MBS	1,660,310	0.639%
2.10	GNMA Mortgage Pool	MBS	1,374,100	0.529%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds (including short-term investments) and preferred stocks by NAIC rating.

	Bonds	Amount	Percentage of Total Admitted Assets
3.01	NAIC-1	$78,867,856	30.341%
3.02	NAIC-2	9,881,058	3.801%
3.03	NAIC-3	3,670,181	1.412%
3.04	NAIC-4	7,177,469	2.761%
3.05	NAIC-5	2,264,912	0.871%
3.06	NAIC-6	5,860,315	2.254%

	Preferred Stocks	Amount	Percentage of Total Admitted Assets
3.07	P/RP-1	-	-%
3.08	P/RP-2	-	-%
3.09	P/RP-3	-	-%
3.10	P/RP-4	-	-%
3.11	P/RP-5	-	-%
3.12	P/RP-6	-	-%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of admitted assets?

Yes [ ] No [X]

4.02	Total admitted assets held in foreign investments	$10,520,276
4.03	Foreign currency denominated investments	-
4.04	Insurance liabilities denominated in that same foreign currency	-

If response to 4.01 above is yes, responses are not required for Interrogatories 5-10.

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

5.01	Countries rated NAIC-1	$10,035,960	3.861%
5.02	Countries rated NAIC-2	484,316	0.186%
5.03	Countries rated NAIC-3 or below	-	0.0%

6. Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:

Countries rated NAIC-1:

6.01	United Kingdom	$ 2,063,183	0.794%
6.02	Australia	1,733,473	0.667%

Countries rated NAIC-2:

6.03	Brazil	$303,382	0.117%
6.04	Mexico	180,934	0.070%

Countries rated NAIC-3 or below:

6.05			%
6.06			%

7.

Aggregate unhedged foreign currency exposure:		%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:

8.01	Countries rated NAIC-1		%
8.02	Countries rated NAIC-2		%
8.03	Countries rated NAIC-3 or below		%

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

Countries rated NAIC-1:

9.01			%
9.02			%

Countries rated NAIC-2:

9.03			%
9.04			%

Countries rated NAIC-3 or below:

9.05			%
9.06			%

10. Ten largest non-sovereign (i.e., non-governmental) foreign issues:

	Issuer	NAIC Rating	Amount	Percentage of Net Admitted Assets
10.01	Macquarie Bank Notes	1FE	$612,552	0.236%
10.02	Stratasys Limited	L	569,719	0.219%
10.03	Algeco Scotsman Global Finance Notes	4FE	491,185	0.189%
10.04	Interxion Holdings NV	L	478,450	0.184%
10.05	UBS AG Stamford Ct Notes	1FE	457,981	0.176%
10.06	Bank of Nova Scotia Notes	1FE	454,358	0.175%
10.07	Boart Longyear Management Notes	4FE	446,160	0.172%
10.08	Icon PLC	L	406,390	0.156%
10.09	Svenska Handelsbanken AB Notes	1FE	366,979	0.141%
10.10	Commonwealth Bank Australia Notes	1FE	364,978	0.140%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

11.02	Total admitted assets held in Canadian investments		%
11.03	Canadian currency-denominated investments		%
11.04	Canadian-denominated insurance liabilities		%
11.05	Unhedged Canadian currency exposure		%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

12.02	Aggregate statement value of investments with contractual sales restrictions:		%
	Largest three investments with contractual sales restrictions:		
12.03			%
12.04			%
12.05			%

13. Amounts and percentages of admitted assets held in the largest 10 equity interests:

13.01	Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets?	YES	NO
			X

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	Name of Issuer	Amount	Percentage of Total Admitted Assets
13.02	Vanguard 500 Index Admiral Mutual Fund	$19,717,563	7.585%
13.03	Dodge & Cox International Stock Fund	18,250,342	7.021%
13.04	Investment in THP Insurance Company	14,909,983	5.736%
13.05	Pimco Short Term Fund	11,875,930	4.569%
13.06	Legg Mason Global Asset Managed Fund	10,285,042	3.957%
13.07	First Amer US Treasury Money Market Fund	8,045,102	3.095%
13.08	Collins Alternative Solutions Mutual Fund	2,682,744	1.032%
13.09	Alpha Opportunistic Growth Mutual Fund	2,468,314	0.950%
13.10	Align Technology Incorporated	799,793	0.308%
13.11	Hexcel Corporation	753,666	0.290%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01	Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

14.02	Aggregate statement value of assets held in nonaffiliated, privately placed equities:		%
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03			%
14.04			%
14.05			%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01	Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory

15.02	Aggregate statement value of investments held in general partnership interests:		%
	Largest three investments in general partnership interests:		
15.03			%
15.04			%
15.05			%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01	Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	Type (Residential, Commercial, Agriculture)		
16.02			%
16.03			%
16.04			%
16.05			%
16.06			%
16.07			%
16.08			%
16.09			%
16.10			%
16.11			%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans		%
16.13	Mortgage loans over 90 days past due		%
16.14	Mortgage loans in the process of foreclosure		%
16.15	Mortgage loans foreclosed		%
16.16	Restructured mortgage loans		%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	Loan -to- Value	Residential		Commercial		Agricultural	
17.01	Above 95%		%		%		%
17.02	91% to 95%		%		%		%
17.03	81% to 90%		%		%		%
17.04	71% to 80%		%		%		%
17.05	Below 70%		%		%		%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01	Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description		
18.02			%
18.03			%
18.04			%
18.05			%
18.06			%
18.07			%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in mezzanine real estate loans.

		YES	NO
19.01	Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets?	X	

If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

19.02	Aggregate statement value of investments held in mezzanine real estate loans		%
	Largest three investments held in mezzanine real estate loans		%
19.03			%
19.04			%
19.05			%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
20.01	Securities lending (do not include assets held as collateral for such transactions)		%			
20.02	Repurchase agreements		%			
20.03	Reverse repurchase agreements		%			
20.04	Dollar repurchase agreements		%			
20.05	Dollar reverse repurchase agreements		%			

21. Amounts and percentages indicated below for warrants not attached to other financial instruments, options, caps, and floors:

		Owned			Written	
21.01	Hedging		%			%
21.02	Income generation		%			%
21.03	Other		%			%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
22.01	Hedging		%			
22.02	Income generation		%			
22.03	Replications		%			
22.04	Other		%			

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
23.01	Hedging		%			
23.02	Income generation		%			
23.03	Replications		%			
23.04	Other		%			